



United States Department of the Interior

NATIONAL PARK SERVICE
DENVER SERVICE CENTER
12795 W. ALAMEDA PARKWAY
P.O. BOX 25287
DENVER, COLORADO 80225-0287



IN REPLY REFER TO:

D5639

DSC CONTRACTING SERVICES STANDARD OPERATING PROCEDURE (SOP) 2006-005

To: Denver Service Center, Contracting Services Division

From: Chief, Denver Service Center, Contracting Services Division

Subject: Use of Contracting Officer's Directives (COD) in Construction Contracts

1. **Purpose:** The purpose of this Standard Operating Procedure (SOP) is to provide guidance to the Denver Service Center, Contracting Services Division (DSC-CS) on the use of Contracting Officer's Directives (COD) in contracts for construction.
2. **Effective Date:** This SOP is effective upon issuance.
3. **Expiration Date:** This SOP remains effective unless superseded or canceled.

In accordance with FAR Subpart 43.102, only contracting officers acting within the scope of their authority are empowered to execute contract modifications on behalf of the Government.

Contract modifications, including changes that could be issued unilaterally, are to be priced before their execution if this can be done without adversely affecting the interest of the Government. If a significant cost increase could result from a contract modification and time does not permit negotiation of a price, at least a maximum price shall be negotiated unless impractical.

Contracting officers can not execute a contract modification that causes or will cause an increase in funds without having first obtained a certification of fund availability, except for modifications to contracts that—

- (1) Are conditioned on availability of funds (see 32.703-2); or
- (2) Contain a limitation of cost or funds clause (see 32.704).

Funding for modifications on line-item construction contracts continues to be a major issue for the Denver Service Center. It is not uncommon for a project manager to submit a fully justified funding request and not receive approval to fund the modification for several weeks or longer.

In these instances, the contracting officer may make a determination that a COD is required in order to continue the progress of the work without interruption while awaiting approval of the funding request. The project manager should provide a written justification to support the issuance of the COD. (see attached sample justification)

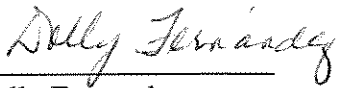
The cost of the work should be clearly stated in the COD. The cost should be based on the negotiated amount of the work, preferred, or the Government's estimate of the cost of the work. If the COD is based on the Government's estimate, the contractor shall be required to submit a

price proposal for the directed work within a specified period (10 days for example) after receipt of the COD.

The COD should also include a statement that if additional funds are not made available to issue the definitizing modification, the Government will remove the stated cost of the directed work from the lump sum price of the contract by modification in order to cover the cost of the effort. The COD should identify the specific line item(s) from the contractor's Schedule of Values that will be removed from the contract if funding is not approved. The contractor should also be advised that no work should be performed on the specific line item(s) until the COD has been definitized by a contract modification.

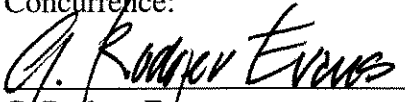
In those instances where an estimated quantity or not-to-exceed dollar amount is used as the ceiling amount of the COD, a statement that addresses the manner in which the directed work will be measured or monitored must be included in the COD. The COD should state emphatically that the contractor is not to perform work that will cause contractor to exceed the ceiling amount of the COD.

A definitizing contract modification to incorporate the directed work shall be issued within 30 days from the date of the COD. The modification will either be issued bilaterally, to indicate a negotiated price and additional time if warranted, or it will be issued unilaterally based upon the Government's best estimate of price and time. The bilateral modification will cite the approved source of funding for the modification. If funding has not been approved, either a unilateral or bilateral modification will be used to delete the item(s) of work as stated in the COD and will add the directed work to the contract.

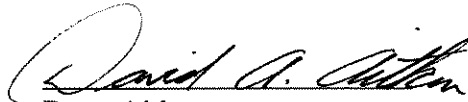


Dolly Fernandez

Concurrence:



G. Rodger Eyans
Chief, Design and Construction
Western Division



Dave Aitken
Chief, Design and Construction
Eastern Division

March 2006



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12795 W. Alameda Parkway
P.O. Box 25287
Denver, Colorado 80225-0287

IN REPLY REFER TO:

D5217 (DSC-CS)

March 1, 2005

Reference:

Subject: Contracting Officer's Directive No. 01

Pursuant to Section I, FAR Clause 52.243-04, Changes, of the referenced Contract, you are hereby directed to proceed with the work described below:

In those instances where an estimated quantity or not-to-exceed dollar amount is used as the ceiling amount of the COD, a statement that addresses the manner in which the directed work will be measured or monitored must be included in the COD. The COD should state emphatically that the contractor is not to perform work that will cause contractor to exceed the ceiling amount of the COD.

If the COD is based on the Government's estimate, the contractor should be required to submit a price proposal for the directed work within a specified period (10 days for example) after receipt of the COD.

The purpose of this directive is to provide written direction to the contractor from the Contracting Officer and to continue the progress of the work without interruption. A definitizing contract modification to incorporate this work will be issued within 30 days from the date of this directive. The modification will either be issued bilaterally to indicate a negotiated price and time, or it will be issued unilaterally based upon the Government's best estimate. The cost of the work of this directive shall not exceed \$xxxxx. If additional funds are not available for this directive, we will remove \$xxxxx from the lump sum of this contract by modification to cover the cost of this effort. These funds will come from the contract Schedule of Values, Item No. X for XXXXXXXX. Accordingly, no work should be performed on Item No. X until this Directive has been definitized by a contract modification. If you have any questions about this matter, please contact Contracting Officer's Representative, at .

Sincerely,

Contracting Officer

Example of Justification for Issuance of a Contracting Officer's Directive

Memorandum

Request for Contracting Officer's Directive No.

This is a request for a Contracting Officer's Directive to _____, Contract Number _____:

1. As per the attached Bulletin #10, dated June 3, 2005, which addresses plumbing items at the Employee Storage Building, provide and install freeze protection for backflow preventer and one ground hydrant with an anti-siphon vacuum breaker.
2. At both the Employee Storage Building and the Wellness Center, install the fire risers as follows.
 - Inside Employee Storage Building, box out the existing 3" CVPC fire line riser from floor level to transition to metal pipe. Box out shall follow NFPA 13.8.14.1.2.7: "Concealed spaces entirely filled with non-combustible insulation shall not require sprinkler protection." The minimum protection to be installed around the CPVC riser is one layer of 3/8 " thick gypsum wallboard or 1/2" thick plywood. Box in all CPVC and fill the space between the CPVC pipe and the wallboard/plywood with non-combustible insulation.
 - At Wellness Building, where fire line enters the building, use ductile iron pipe from outside of building line to 6" above interior floor.
3. As per the (2) attached drawings from Provost & Prichard dated 8/16/05, provide and install a total of 3 additional 8" gate valves as shown.

Government Estimate – Approximately \$5,000

Proposal – Written Request for Proposal was included in the CO Directive No. 5 letter to Contractor.

JUSTIFICATION:

Item 1 is a design oversight.

Item 2 is needed to correct a conflict between contract drawings and the fire code.

Item 3 is a design oversight.

SOURCE OF FUNDS:

Construction Contingency Funds have been set aside for this project. Funds are still available to cover this directive. If necessary, we could delete additional landscape features, such as asphalt paths, Schedule of Values Item No. .

NEPA AND 106 COMPLIANCE: The original compliance document allows for modifications of this type during construction.

Respectfully Submitted,

Project Manager